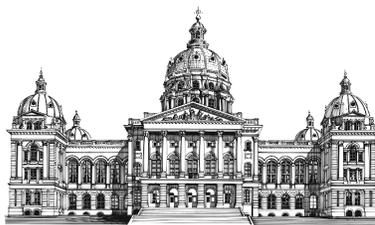


Iowa Legislative Fiscal Bureau



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Des Moines, IA 50319
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Department of Transportation - Review of FTE Positions

ISSUE

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee requested that the Legislative Fiscal Bureau examine the Department of Transportation's (DOT) utilization of FTE (full-time equivalent) positions and expenditure of funds for personnel costs. This **Issue Review** will examine the change in the DOT's FTE positions and the personnel budget over the last five years.

AFFECTED AGENCIES

Department of Transportation

BACKGROUND

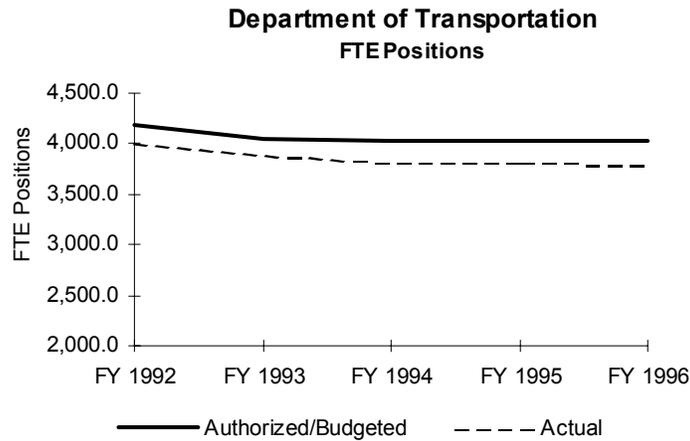
The DOT's employees serve a wide range of responsibilities to implement and regulate transportation programs throughout the State. The Department's workforce includes a wide range of position classifications from part-time summer employees to highly technical and specialized positions such as transportation engineers, road and bridge designers, and motor carrier enforcement officers.

The General Assembly authorizes a maximum number of FTE positions the Department is allowed to fill with appropriated funds in the annual appropriations bill. The Department internally budgets for personnel costs from the appropriated funds. In addition to the legislatively authorized positions, the DOT budgets additional FTE positions from non-appropriated funds including the Materials and Equipment Replacement Revolving Fund and the Highway Beautification Revolving Fund.

Overview of FTE positions from FY 1992 to FY 1996

Over the past five years (FY 1992 - FY 1996) the total number of FTE positions authorized/budgeted to the DOT has been reduced by 151.5 FTE positions, which represents a 5.9% decrease. This decrease is largely the result of implementation of the Governor's Reduction in Force Plan in FY 1992 and FY 1993.

The actual FTE positions utilized decreased 210.6 (5.3%) during this five-year period. The following chart shows the change of authorized/budgeted and actual FTE positions from FY 1992 to FY 1996.



The following table presents the authorized/budgeted FTE positions and the actual FTE utilization from FY 1992 to FY 1996. The table also shows the positions authorized by the General Assembly and those budgeted through the revolving funds.

**Department of Transportation
FTE Positions**

<u>Authorized/Budgeted</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Operating Divisions Authorized FTEs	4,082.5	3,938.5	3,929.5	3,929.5	3,930.0
Revolving Fund Budgeted FTEs	105.0	104.0	100.0	99.0	98.0
Total	4,187.5	4,042.5	4,029.5	4,028.5	4,028.0
<u>Actual Utilization</u>					
Operating Divisions Actual FTEs	3,907.4	3,792.4	3,717.6	3,706.0	3,701.0
Revolving Fund Actual FTEs	100.7	93.3	91.9	92.5	96.5
Total	4,008.1	3,885.7	3,809.5	3,798.5	3,797.5
Vacant FTEs	179.4	156.8	220.0	230.0	230.5
Percent Vacant	4.3%	3.9%	5.5%	5.7%	5.7%

During FY 1993 and FY 1994, the Department experienced a 40.3% increase in the number of vacant FTE positions (from 156.8 in FY 1993 to 220.0 in FY 1994). Since FY 1994 the annual vacancies have been approximately 230.0 FTE positions resulting in a vacancy rate of 5.7%. The reason for the increase in the number of vacancies from FY 1994 to FY 1996 is related to how the DOT budgeted and utilized temporary positions.

Permanent and Temporary Positions

The DOT utilizes temporary employees to assist with peak workload situations associated with four areas:

- Highway Maintenance, for snow removal and summer highway maintenance activities
- Construction, for assistance with project and material inspection
- Transportation Data, for traffic counting activities

- Engineering, for the Engineering Co-op Student Program

Temporary positions are also used in other areas of the Department for a variety of purposes such as grounds maintenance and snow removal on DOT properties.

The allocation and utilization of temporary FTE positions is an internal policy decision of the Department and is not a directive of the General Assembly. This provides the DOT flexibility to determine how many temporary employees are necessary for carrying out the Department's operations. It should be noted that 1.0 FTE position can equal multiple temporary positions.

The following table shows the utilization of permanent and temporary FTE positions from FY 1992 to FY 1996. From FY 1994 to FY 1996, the DOT has annually budgeted approximately 350.0 FTE positions for temporary employees but has only utilized between 231.0 to 257.0.

In FY 1992 and FY 1993, the Department budgeted fewer temporary FTE positions; however, during these two years the DOT utilized more temporary positions than were budgeted. The Department utilized vacant FTE positions budgeted for permanent employees to fill the additional temporary positions.

Department of Transportation Permanent and Temporary FTE Positions

<u>Permanent Positions</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Authorized/Budgeted	4,073.5	3,948.5	3,689.5	3,672.5	3,675.0
Actual	3,823.1	3,674.7	3,577.5	3,541.5	3,566.5
Vacant Positions	250.4	273.8	112.0	131.0	108.5
% Vacant	6.1%	6.9%	3.0%	3.6%	3.0%
<u>Temporary Positions</u>					
Authorized/Budgeted	114.0	94.0	340.0	356.0	353.0
Actual	185.0	211.0	232.0	257.0	231.0
Vacant Positions	-71.0	-117.0	108.0	99.0	122.0
% Vacant	-62.3%	-124.5%	31.8%	27.8%	34.6%
<u>Total Positions</u>					
Authorized/Budgeted	4,187.5	4,042.5	4,029.5	4,028.5	4,028.0
Actual	4,008.1	3,885.7	3,809.5	3,798.5	3,797.5
Vacant Positions	179.4	156.8	220.0	230.0	230.5
% Vacant	4.3%	3.9%	5.5%	5.7%	5.7%

From FY 1994 to FY 1996, the vacancy rates for the permanent positions were substantially less than the overall rates. In FY 1996, the vacancy rate for the permanent positions was 3.0% as compared to an overall rate of 5.7% when the temporary positions are included.

The DOT staff stated that the majority of the activities requiring temporary positions are weather dependent; therefore, the FTE utilization can vary significantly. If all activities would reach "peak demand" in the same year, DOT staff stated that they would be close to using the maximum budgeted FTE positions.

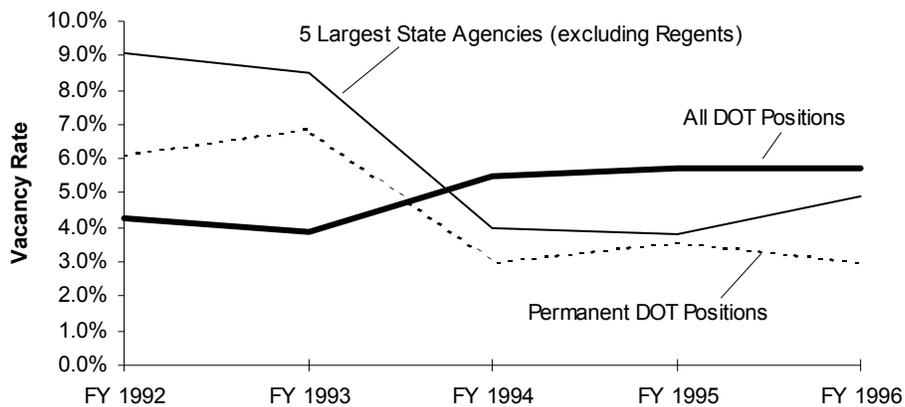
DOT Vacancies Compared to Other State Agencies

The following chart compares the DOT's vacancy rate of all positions and permanent positions with the rate of the five largest state agencies (excluding Regents). The five agencies include: the Departments of Human Services, Corrections, Public Safety, Revenue and Finance, and Natural Resources.

The DOT's vacancy rate for all positions, which include both permanent and temporary positions, was substantially lower than the combined vacancy rate of the five selected state agencies during FY 1992 and FY 1993. From FY 1994 to FY 1996 the DOT's vacancy rate has ranged between 0.8% to 1.9% higher than the other selected agencies. The reason for the DOT's vacancy rate being higher is due to the large number of vacant temporary positions.

When comparing the DOT's vacancy rate of permanent positions to the other agencies' combined vacancy rate from FY 1994 to FY 1996, the DOT's vacancy rate ranges from 0.2% to 1.9% lower than the other selected agencies.

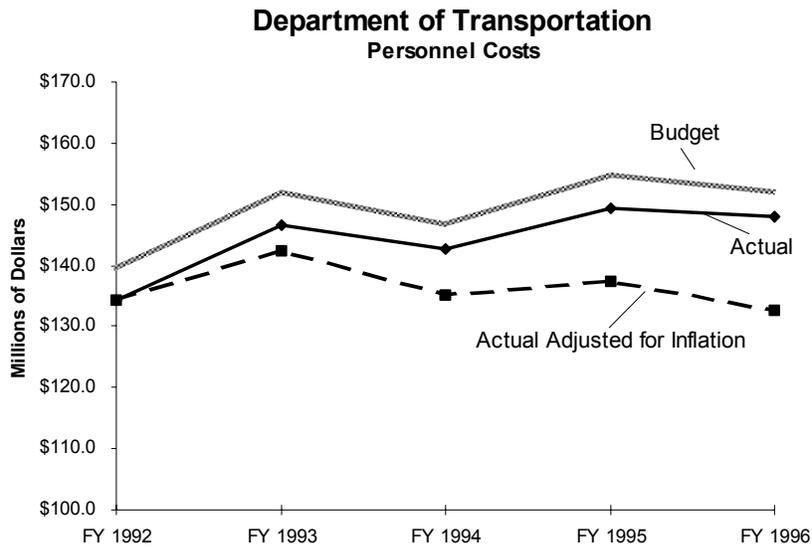
Comparison of Vacancy Rates



DOT Salary Costs

Approximately 65.0% of the DOT's annual operating budget is spent on employee salaries and benefits. While the Department's FY 1996 personnel budget is \$12.4 million (8.9%) more than FY 1992, the changes over this five-year period have not followed a straight line trend. The annual personnel costs have fluctuated not only because of changes in FTE levels, but also because of the effect of collective bargaining agreements on salaries.

The DOT's actual personnel costs have increased 10.2% since FY 1992; however, when adjusted for inflation the personnel costs have actually decreased 1.8%. The following chart illustrates the personnel budget changes.



The following table shows the DOT's budgeted and actual personnel costs since FY 1992 and the amount of unused personnel funds. The majority of the unused personnel funds have reverted to the Road Use Tax Fund and the Primary Road Fund. However, in FY 1992, FY 1995, and FY 1996, the Department used approximately \$1.0 million of budgeted personnel funds for other operational expenses. The Department has the flexibility to use funds budgeted for salaries for other purposes. When the DOT has used budgeted salary funds for other purposes, it has generally been to cover shortfalls in the maintenance materials budget.

**Department of Transportation
Personnel Costs
(Dollars in Millions)**

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Operating Division Personnel Budget	\$ 136.5	\$ 149.0	\$ 143.6	\$ 151.5	\$ 148.7
Revolving Fund Personnel Budget	3.2	3.2	3.3	3.4	3.4
Total Budget	139.7	152.2	146.9	154.9	152.2
Actual Operating Division Personnel Cost	131.2	143.4	139.5	146.2	144.6
Actual Revolving Fund Personnel Cost	3.2	3.2	3.2	3.3	3.5
Total Actual	134.4	146.7	142.7	149.5	148.1
Difference (Budget vs. Actual)	<u>\$ 5.3</u>	<u>\$ 5.5</u>	<u>\$ 4.2</u>	<u>\$ 5.4</u>	<u>\$ 4.1</u>

ALTERNATIVES/BUDGET IMPACT

The DOT's utilization of permanent FTE positions appears to be within an acceptable level when comparing the number budgeted with the actual number used. Therefore, attention should be focused on the utilization of temporary positions by the Department. The following is a list of

suggested alternatives to be considered by the Transportation, Infrastructure, and Capitals Appropriations Subcommittee.

1. Allow the DOT to continue the current practice of budgeting temporary FTE positions to meet the "peak demand" for services. This allows for a "built-in" contingency of positions that will continue to fluctuate with the need for services and provides added flexibility for operation of the Department.
2. Reduce the number of temporary FTE positions budgeted (either through intent language or by line item authorization in the annual appropriations bill) to 300.0. This would be a reduction of 53.0 FTE positions compared to FY 1996. This would also result in a reduction of approximately \$954,000 (one temporary FTE position is equal to approximately \$18,000 in cost). Intent language could be included to authorize the DOT to receive emergency funding and additional FTE positions if 300.0 FTE positions are not adequate to meet the "peak demand" for services.

Currently, the unused funds associated with vacant temporary positions revert to the Road Use Tax Fund and Primary Road Fund at the end of each fiscal year if not used for other purposes. These funds are then available for distribution during the next fiscal year. Alternative 2 would reduce the amount of funds that are obligated for salaries during the current fiscal year. It should be noted that Alternative 2 does not increase the amount of funds available for road construction, simply changes the timing for when the funds are available.

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